

Special Purpose Vehicle (SPV) of Public Private Partnership Projects in Asia and Mediterranean Middle East: Trends and Techniques

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Abstract: One of the main reasons for the success of public private partnership (PPP) projects is the creation of a separate commercial venture named "Special Purpose Vehicle" (SPV). SPV provides a good framework for raising funds, linking participants legally and assuring supply, production and marketing of products. SPV brings together various parties like lenders, financial institutions, public sector and export credit agencies, suppliers and off-takers. There is often a lack of precedents to identify attributes of a SPV and the process is further hampered by undeveloped financial and legal structures of a country. Thus, there is a need to establish clear attributes for a SPV to raise the funding options of PPPs. In search of these essential attributes, six PPP projects in Asia and Mediterranean Middle East are examined in this paper. Three are independent power producers (IPP), one each from India, Pakistan and China, and three are desalination Projects, one each from Israel, Singapore and Algeria. The evidence shows that not only are there common trends and techniques that are used for SPV development but also some unique features to overcome financial and legal hurdles. The evidence also gives insights for using SPV to improve financing of PPP projects.